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Direct Service Workforce Crisis

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The problem. Low wages and eroding benefits discourage good workers from staying in direct service work. Local agencies can't offer competitive wages and benefits because our community support system is under-funded. The cost of rising health insurance premiums is shifted to workers, resulting in lower net pay. Workers leave because their employers lack the capacity to support direct service work as a long-term commitment. People with disabilities who rely on support are denied familiarity, continuity and predictability in their relationships with direct service workers.

Source of the problem. The source of the direct service workforce crisis is the under-funded community support system. Daily rates for Medicaid waiver programs, such as CIP 1A and CIP 1B, have been virtually frozen since 1994. The cost of supporting an average Medicaid waiver individualized service plan exceeds the amount available in the daily rate. For example, the new CIP 1B rate of \$49.67 per day (as of July 1, 2002) does not cover the \$112 average daily cost of implementing state-funded CIP 1B plans.

What outcomes are we aiming for?

- **Work that is compensated fairly and adequately.** Direct service workers should be paid wages that reflect the value of the work and encourages workers to make a commitment to work over the long haul.
- **Work that is do-able.** In addition to an adequate paycheck, workers need training, mentoring, supportive supervision, and working conditions that are reasonably predictable, flexible and safe.
- **Work that is meaningful.** Our community service system should support direct service roles that result in satisfying, constructive, and reciprocal relationships with people relying on support.

What do we need to do to achieve these outcomes?

Our Legislature and Governor must address the emergency caused by years of under-funding. Two years ago, we faced a similar crisis in the under-funded home health personal care industry. More than 100 Wisconsin businesses providing personal care closed due to inadequate state funding. A rate increase restored some equilibrium to agencies providing personal care.

Now our counties and community providers who rely on Medicaid waiver funding face a similar crisis. Providers have tried to absorb spiraling costs at a time of frozen funding. But many are at a breaking point. Direct service workers are leaving the field because they cannot afford the financial pressure and medical vulnerability posed by eroding pay and health insurance benefits. When they leave, agencies can't fill the vacancies and further

tax the workers still on the job. This creates unacceptable pressures on workers and their employers and unacceptable risks to the vulnerable people who rely on their support.

To stop the escalating crisis in community support, the state's next biennial budget should include the following:

1. *Increase CIP rates so agencies can pay a better wage and offer affordable health insurance.*

A state investment of \$26 million will bring CIP daily rates to a level that would allow agencies and their workers to avert the crisis that wounded the home health personal care industry two years ago. With this increase:

- CIP 1B daily rate rises to \$62.50. The required state investment would cover the state match in approximately 2500 existing state-funded CIP 1B slots. A rate increase for county-funded slots would also be welcome because it would draw in additional federal dollars in the form of the federal Medicaid match.
- CIP 1A rates rise to a range of \$157.00 to \$214.00. Four distinct CIP 1A rates vary according to the date the person left the state institution. This rate adjustment would address the frozen funding affecting approximately 1100 individuals who have returned to the community from the State Centers.

2. *Build in "base re-estimate" budgeting adjustments in future budgets.*

Unlike Wisconsin's recent history of frozen funding for people relying on Medicaid waiver funding, community support services must be budgeted from now on the same way the state budgets annual increases for nursing homes. The state should provide increases through a "base re-estimate" that accounts for the rising actual costs of existing services.

3. *Health insurance reform.*

Revisions in existing health insurance regulations and new legislation are needed to address the health insurance crisis affecting a wide range of Wisconsin businesses including small, private, community service agencies that contract with counties to provide support services to people with disabilities.

4. *Additional resources to make direct service work do-able and meaningful.*

A state investment of \$100,000 per year is needed to develop a state training initiative that would coordinate training and technical assistance designed to foster more effective organizational support of direct service work.

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